

US Army Cost & Economic Analysis Center (CEAC)

BCEFM / CP-11 Career Field Proponent



**18 Sept
02**



www.ceac.army.mil

Subjects Covered

- ✓ **Organization and Mission**
- ✓ **Products & Services**
- ✓ **Cost Review Board Process**



Applicable Cost Guidance

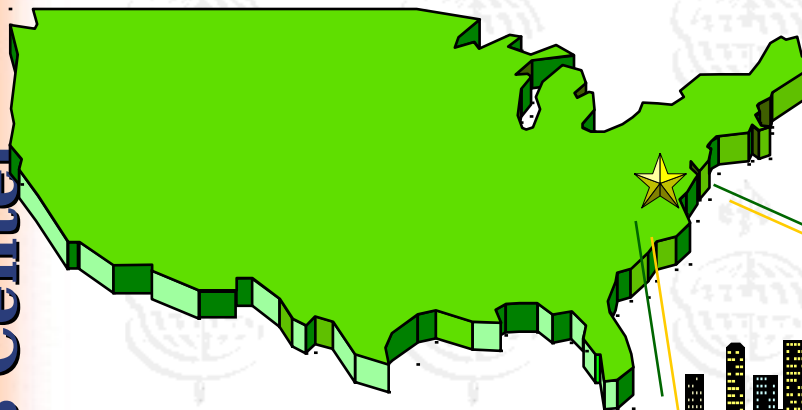
- ✓ **Congressional - Established Cost Requirement**
 - **DOD Authorization Act of 1984 (P) 98-94)**
 - **10 USC 2434**
- ✓ **Department of Defense (DOD)**
 - **DODD 5000.4 / M - Cost Policy & Guidance**
 - **DOD 5000.1 & 2 - Acquisition Requirements for Cost**
- ✓ **Secretary of the Army - Cost Management / Activity Based Costing**
- ✓ **General Order # 1 - Cost Responsibility**

CEAC's Mission & Vision

CEAC Mission Is to Produce Real-time Cost & Economic Analysis Products and Services, and Facilitate Accurate Estimates, Accelerated Knowledge, and Informed Decisions Throughout the Army.

CEAC Vision Is to Be the Center of Excellence for Cost & Economic Analysis Products and Services.

CEAC Location



Moving Soon

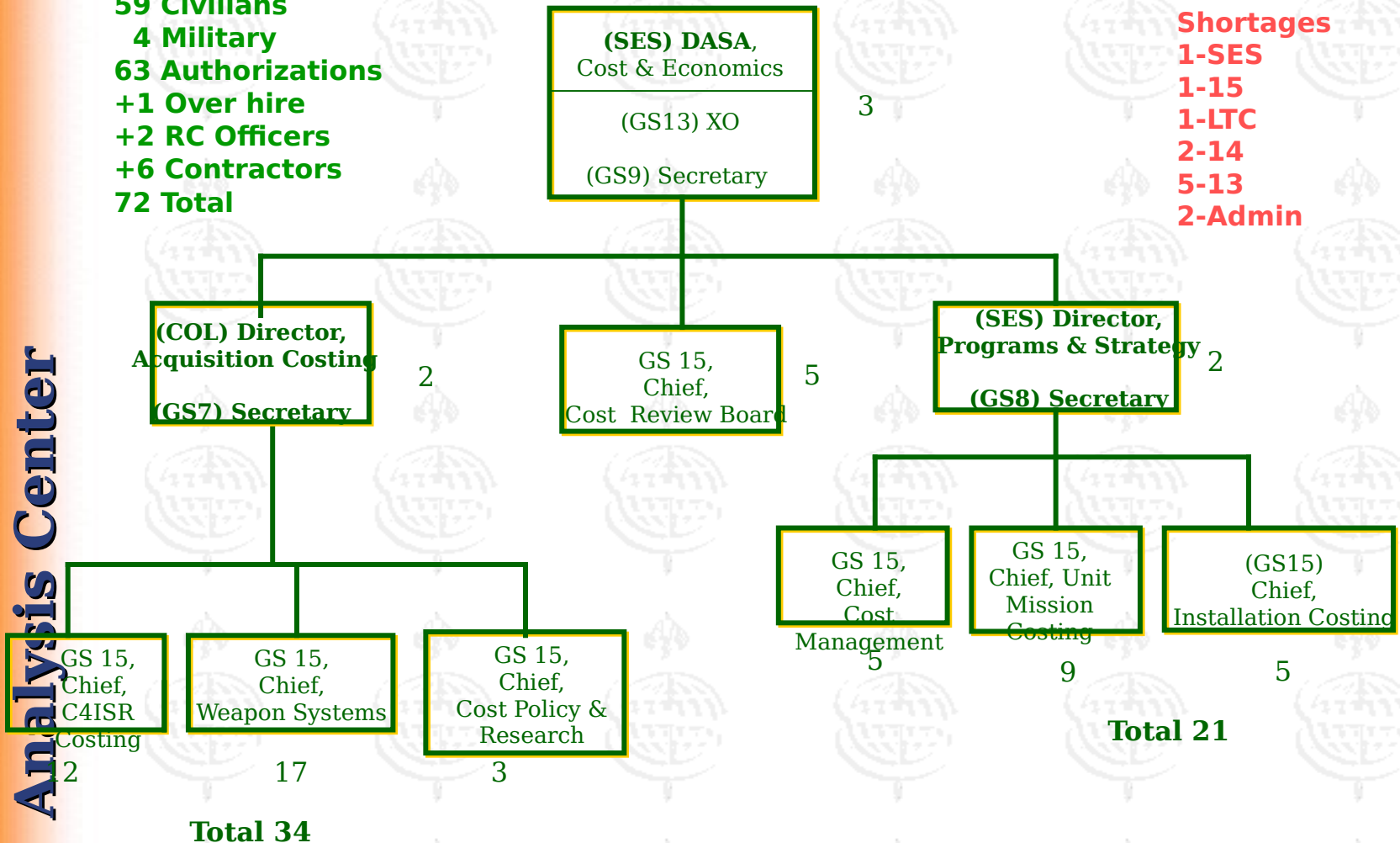
Crystal City

**1421 Jefferson Davis Highway
Arlington, VA 22202-3259**

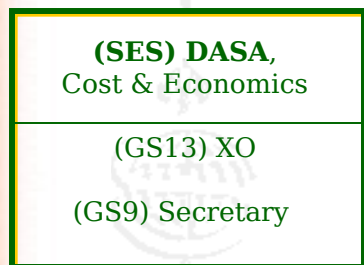
The CEAC Re-Organization

Deputy Assistant Secretary of the Army, Cost and Economic Analysis

59 Civilians
4 Military
63 Authorizations
+1 Over hire
+2 RC Officers
+6 Contractors
72 Total



U.S. Army Cost & Economic Analysis Center



3
2

**Total
3**

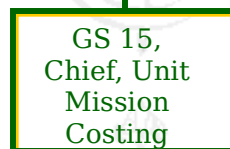


2

**Total 24 TDA
Plus 1 non-add
Plus 4 contractors**



5



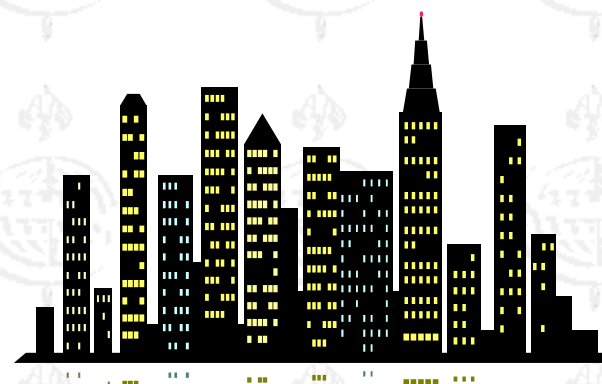
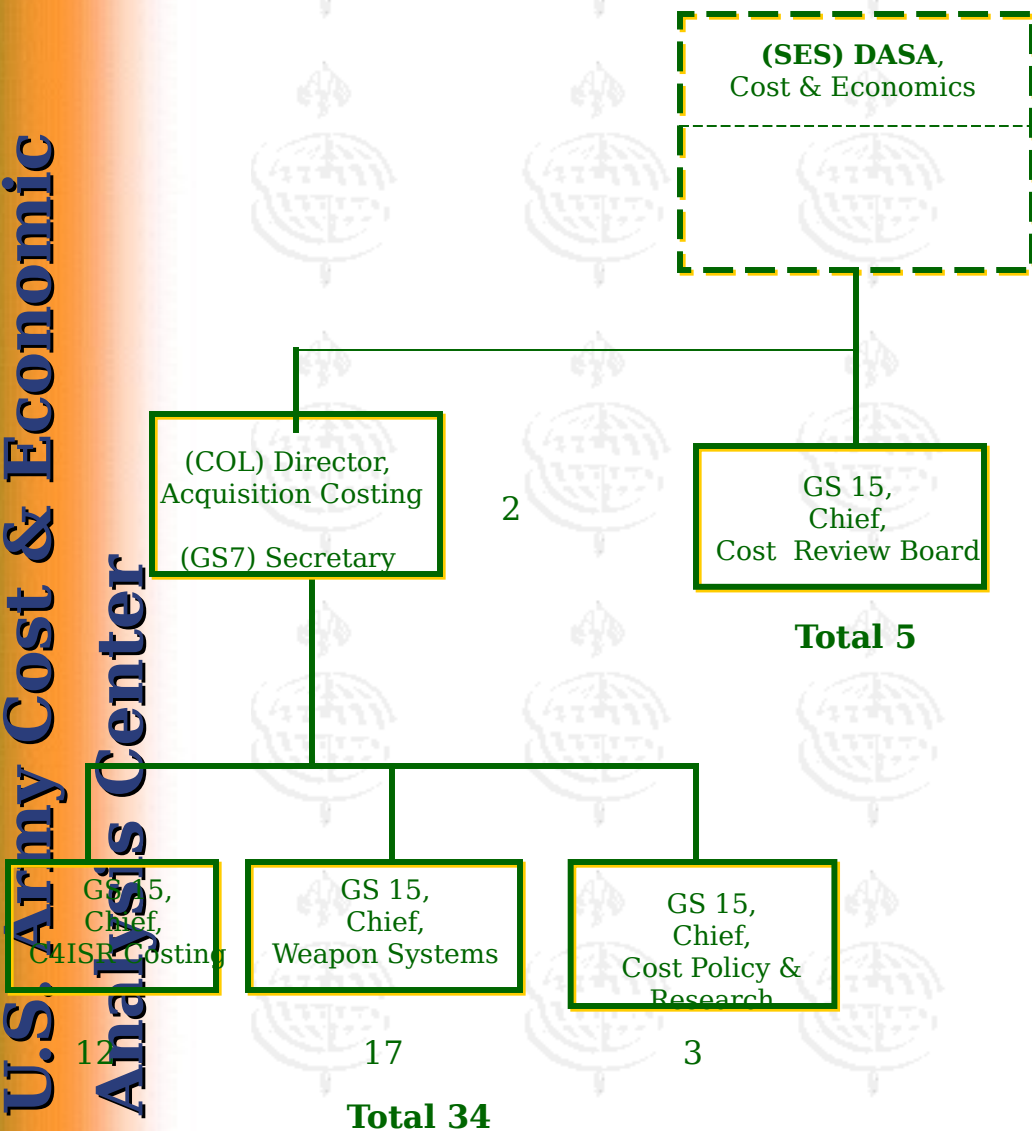
9



5

Total 21

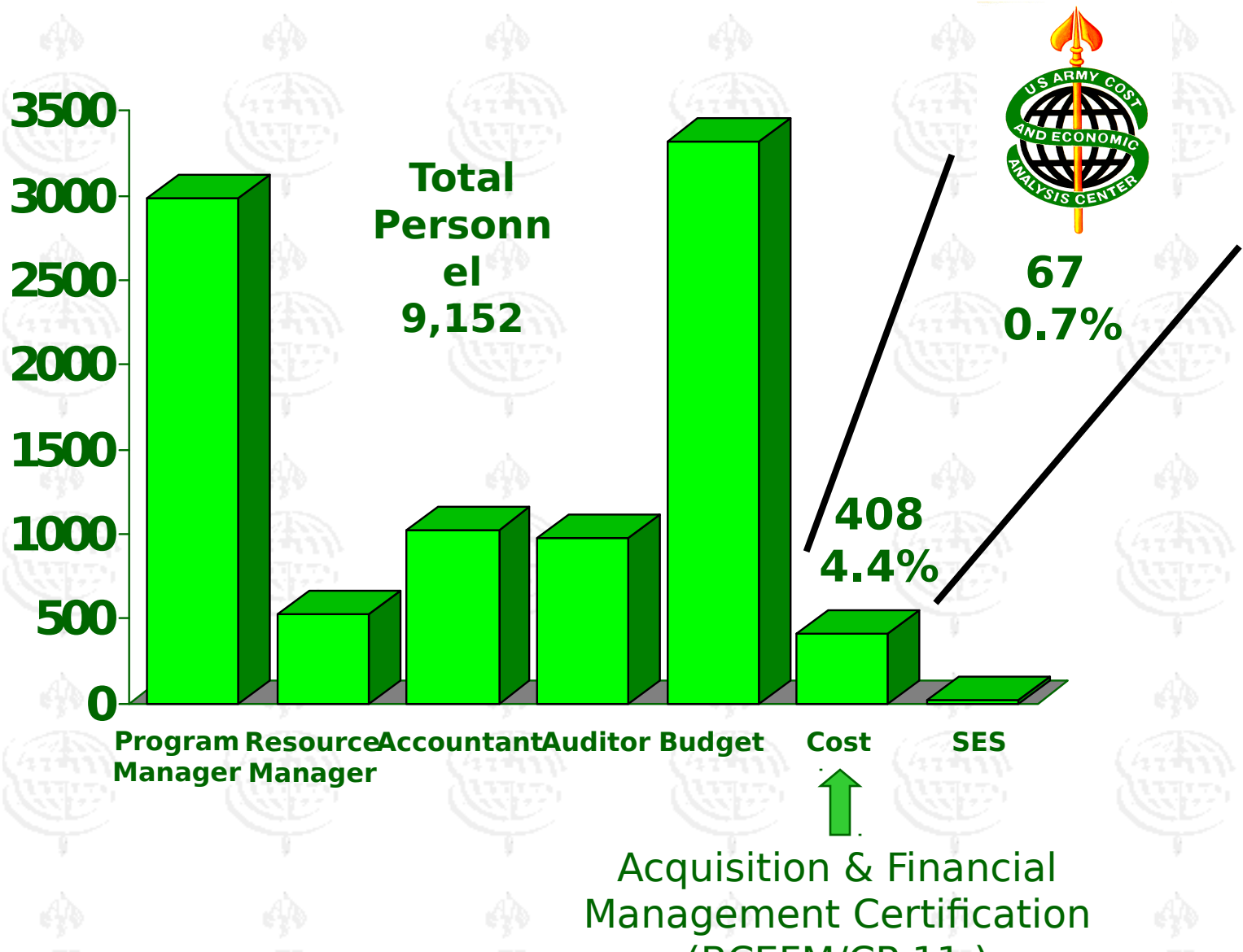
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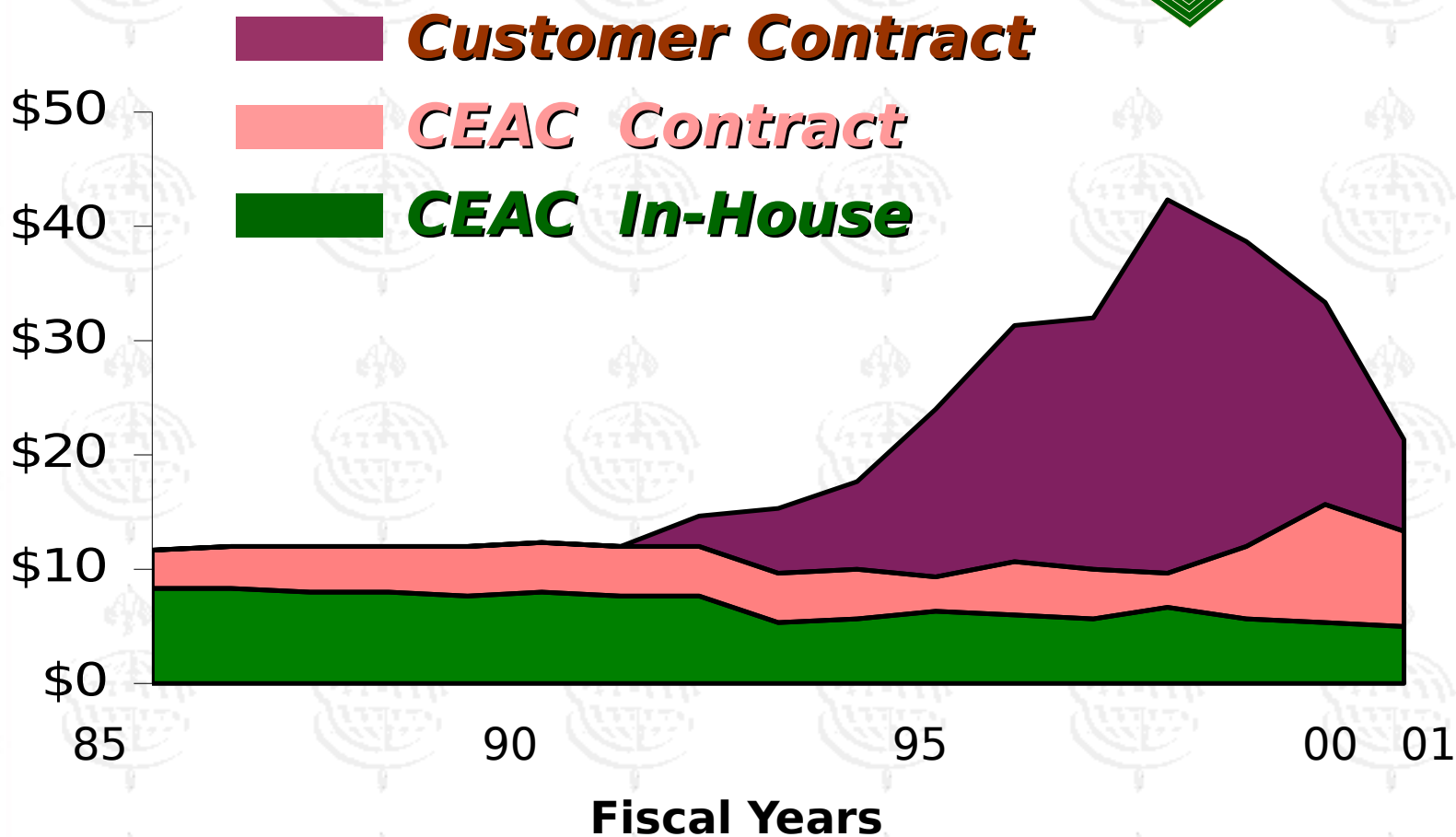
Crystal City

Total 39 TDA
Plus 1 overhire
Plus 2 contractors

Financial Management - CP-11



Cost Analysis Program



CEAC Core Functions

- ✓ **Conduct Independent Cost Estimates for Weapons & Information Technologies Systems**
- ✓ **Produce Army Cost Positions Through The Army Cost Review Board**
- ✓ **Manage The Army Cost Research & Career Programs**
- ✓ **Conduct Force Structure, Weapon System Operations & Support, Personnel, and Installation Cost Analyses**
- ✓ **Manage Army Program for Cost Management / Activity Based Costing (ABC)**
- ✓ **Provide Cost & Economic Analysis Support to Programming and Budgeting**

CEAC Products & Services

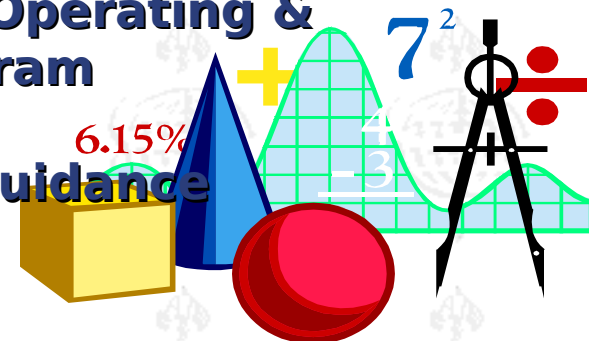
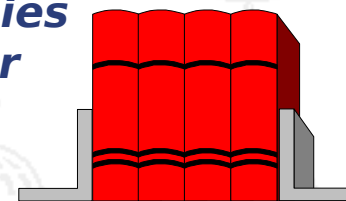
Weapons / Information Systems*

✓ **Conduct Independent Cost Estimates for
Weapons & Information Technologies Systems**

- ✓ **Develop Component (Army) Cost Analysis and Independent Cost Estimate**
 - **Major Defense Programs as Required**
 - **Major & Special Army Programs, i.e., Chemical Demilitarization**
 - **Army Cost Analysis Focal Point for Joint Programs**
 - ✓ **Develop Army Cost Position**
 - **Establish Position for each Army and Defense Acquisition Review Board**
 - **Developed Through the Army Cost Review Board**
 - **Basis of Programming and Budgeting**
- ✓ **Provide Cost & Economic Analysis Support to Programming and Budgeting**
- * The Term Information Systems Covers Communications /
Electronic and Information Systems**
- Critiqued By OSD Cost Analysis Improvement
Group For Defense Acquisition Board**

Army Cost Policy & Procedures

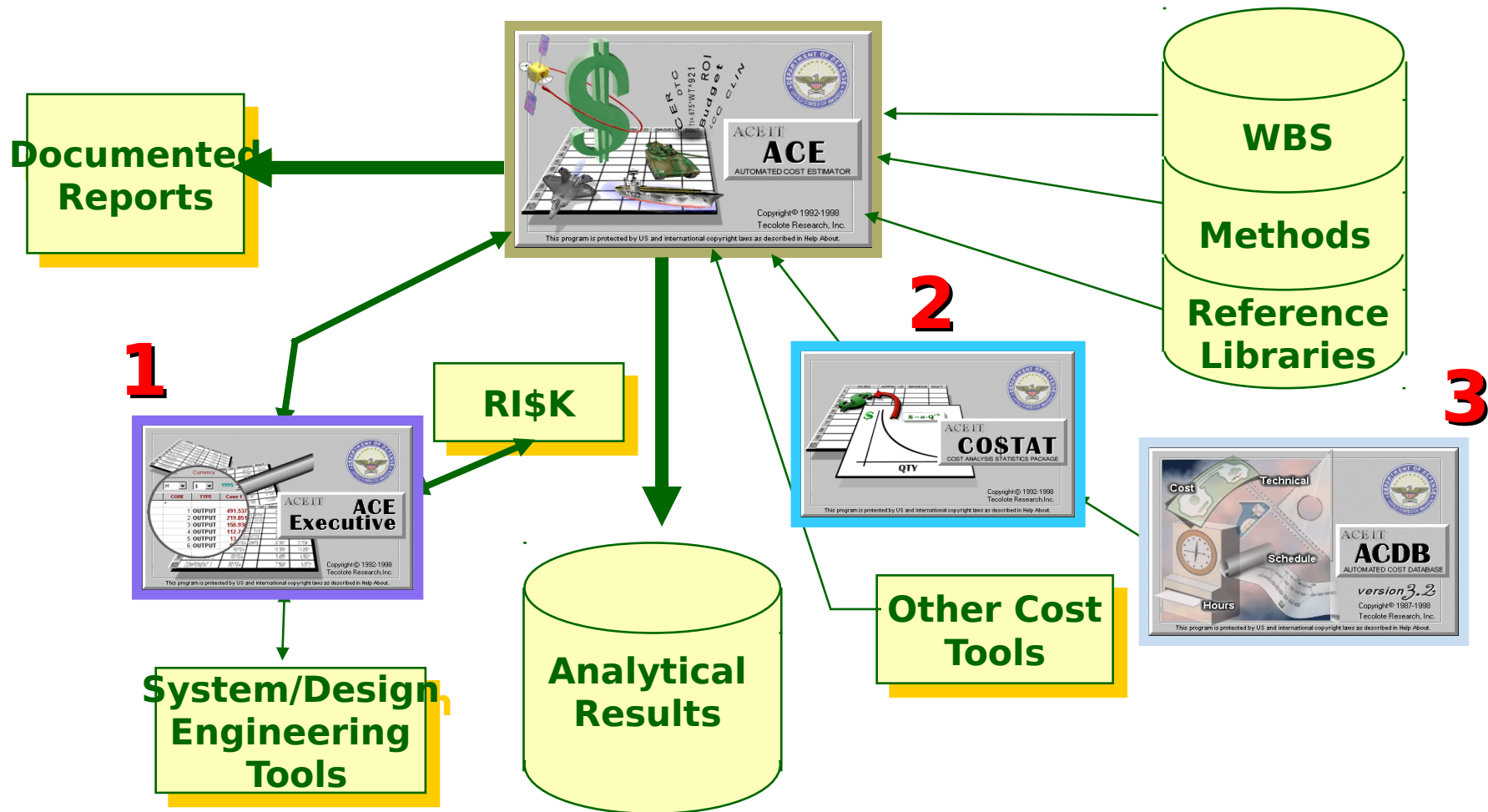
- **Cost Analysis Manual**
Provides Basic Frameworks for Methodologies & Procedures to Implement Policies for Better Cost Analysis
- **Economic Analysis Manual**
Provides a Strong Analytical Framework for Comparing Costs & Benefits of Alternative Courses of Action
- **Other Publications**
 - **Visibility and Management of Operating & Support Costs (VAMOSOC) Program**
 - **Discount Rates for EA's**
 - **Life Cycle Cost Management Guidance**



Army Wide Tools, Models, Databases

- **ACEIT to Estimate System Costs**
 - ✓ ***Automated Cost Estimator (ACE)***
 - ✓ ***CO\$TAT - Built in Statically Package***
 - ✓ ***Automated Cost Data Base (ACDB)***
- **OSMIS Source of Historical O&S Cost for > 1000 Systems**
- **Civilian & Military Costing Tools**
 - ✓ ***Civilian Pay Rates / Execution Data***
 - ✓ ***Cost of Military by Grade & Military Occupation Specialty (MOS) / skill***
- **Force (Unit) Costs & Contingency Operations**

ACEIT: Data Warehousing Through A Suite of Analytical Tools



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FORCES INFORMATION CENTER
Information Section

EMAIL QUESTIONS OR COMMENTS



FORCES ONLINE



Website (2
yrs)

518
Users

21,863 Hits



[Click to Install the Force Cost Model \(FCM\)](#)

[Click to Run the FCM Tutorial](#)

[Click to Run Cost Factors Handbook](#)

[Install Army Contingency Operations Cost Model](#)

[Click to Install End Strength Reduction Model](#)

UPDATE
May 13, 2002

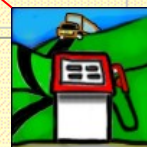
UPDATE
July 15, 2002

Welcome to the OSMIS Relational Database

the OSMISWEB! The CLASS IX data is currently being updated and will be back online ASAP!

The OSMIS Relational Database is presented to you by the U.S. Army Cost and Economic Analysis Center (USACEAC).
Through the Relational Database users will be able to query the following data.

Query Information		Additional Information
Weapon System O&S Costs	Class III POL Costs	NSN/NIIN Attributes
Weapon System Density	Class V Ammunition Costs	UIC/Unit Attributes
Weapon System Activity	Depot End Item Maintenance Costs	Class II&IV Costs
Weapon System OPTEMPO	Depot Secondary Item Maintenance Costs	OPTEMPO Based Cost Factors
Class IX Materiel Parts Costs	Intermediate Maintenance Costs	OSMIS Weapons Definitions
	Work Breakdown Structure (WBS) Costs	



[PRESS TO LOGIN TO OSMIS RELATIONAL DATABASE](#)



This is a Department of Defense (DOD) interest computer system. All DOD computer systems are subject to monitoring at all times to ensure proper functioning of equipment and systems, including security devices, to prevent unauthorized use and violations of statutes and security regulations, to deter criminal activity, and for other similar purposes

If monitoring of this or any other DOD computer system reveals possible evidence of violation of criminal statutes, this evidence and any other related information, including identification information about the user may be provided to law enforcement officials

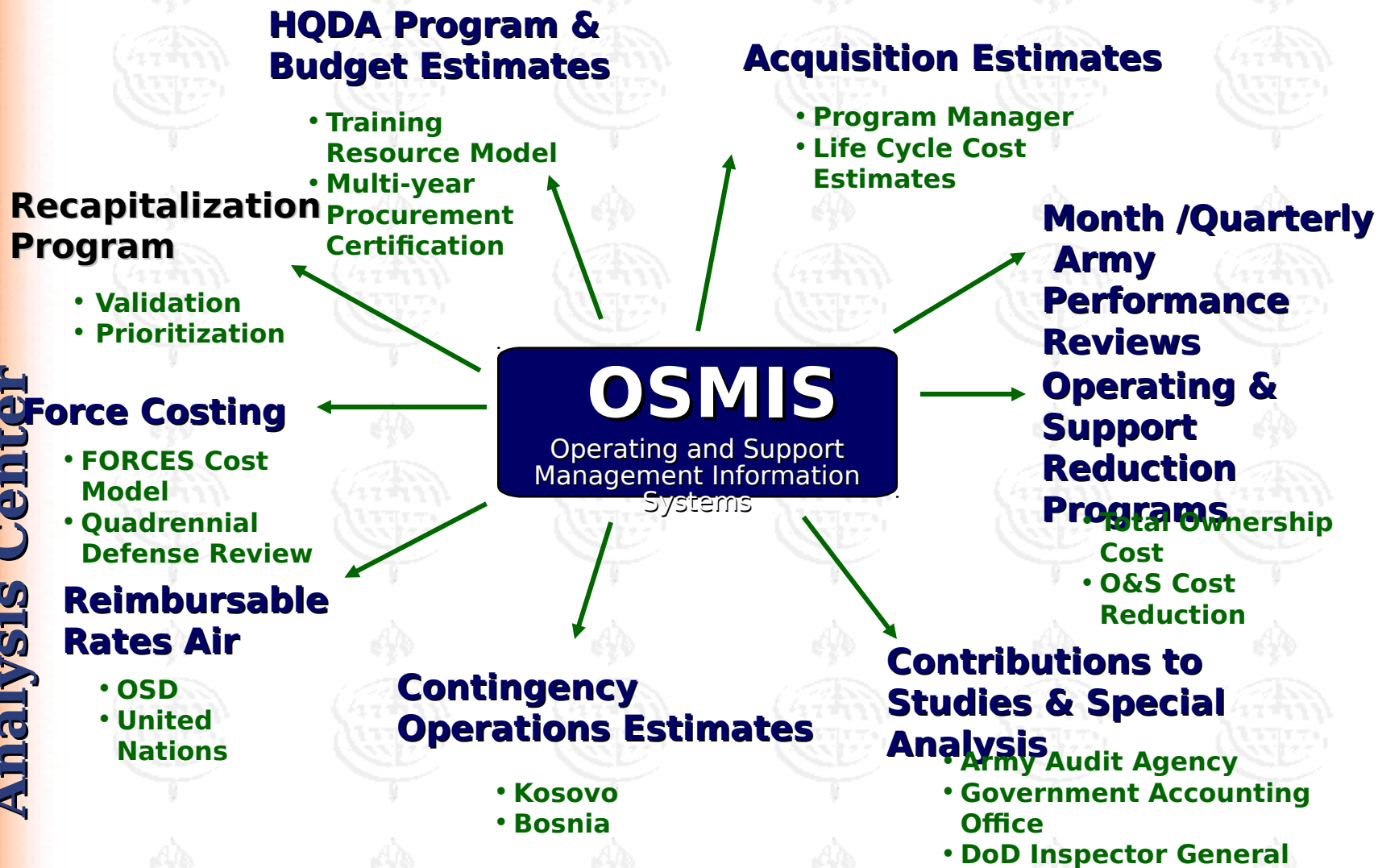


- Tracks 1058 Weapon Systems / Variants
- 9 Years of Historical Data
- Currently >1400 Users



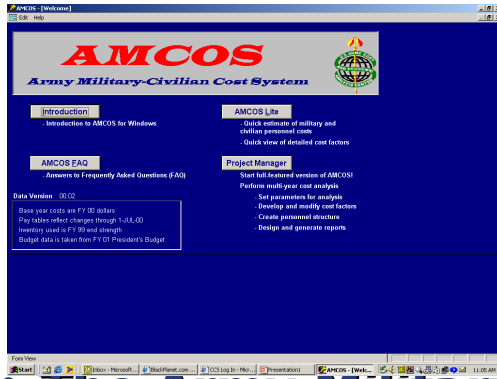
- Averages 33,000 Hits Per Year
- Averages 100 Hits Per Day
- 20+ New Users Per Week

Army OSMIS Supports Many Customers



Costing Civilian & Military Personnel

Web Based
“online”



- **The Army Military Cost System (AMCOS)**

- ✓ Active Military, Reserve Component/ National Guard
- ✓ Produces Cost Estimates by Grade & Military Occupation Specialty (MOS)/skill
- ✓ Variety of Military Pay Cost Factors (E.G., Base Pay, Training Costs, PCS, Medical Benefits, Retirement, Special Pay, Locality Pay)

- **The Civilian Cost System (CCS) - MACOM / Installation Partnership**

- ✓ Tracks Monthly Civilian Pay Execution Data - AMSCO, EOR, Etc.
- ✓ Web “Error” Reports Pinpointing Problems
- ✓ Correct Errors As Part of Rate Generation Process

Army Wide Implementation of Cost Management / Activity Based Costing (CM / ABC)

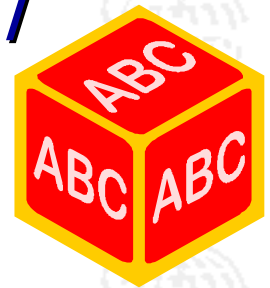


✓ Manage Army Program for Cost Management / Activity Based Costing (ABC)

✓ **Develop Plans**

- **Develop the Army Strategic Plan / Obtain OSD Approval**
- **Review & Approve Business Area Plans**
- **Assess Business Area Implementation Progress**
- **Status Reported in Quarterly Army Performance Reviews**

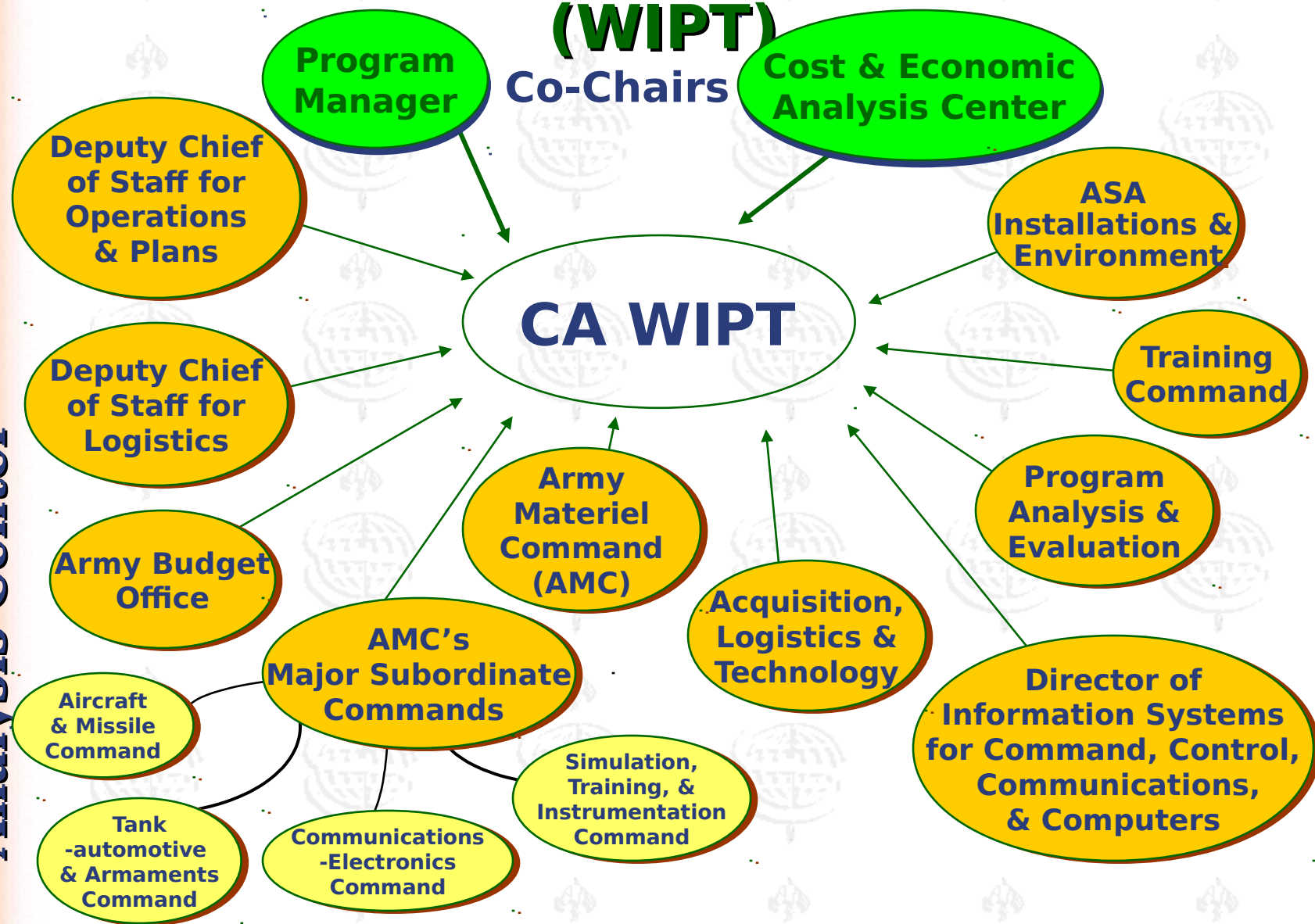
✓ **Manage Army Wide ABC Software / Sustainment**



✓ **Provided CM / ABC Training**

- **Initial Training to Business Area Staff**
- **Establish Cost Management / ABC Courses**

Cost Analysis (CA) Working- level Integrated Process Team (WIPT)



CRB Process Overview

**PM - develops
Program Office
Estimate (POE)**

Cost Review Board is a quality assurance built in the Cost Analysis Process in support of decisions and PPBES

**Formulates
Army Cost
Position and
Risk Analysis**

**Recommended
Army Cost Position
Briefed to
Cost Review Board
Principles**

**ASA(FM&C)
Approves
Army
Cost Position**

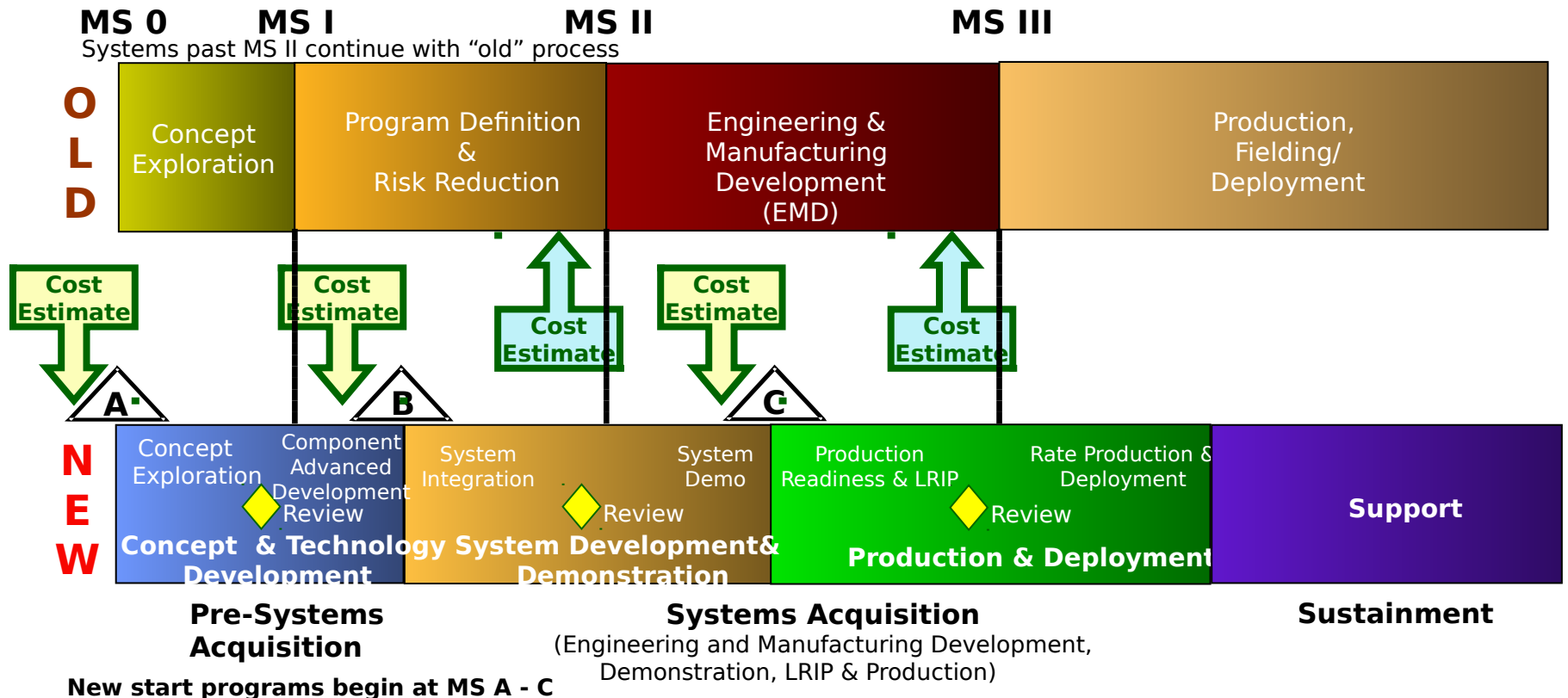
Supports Army Systems Acquisition Review Council, Office of the Secretary of Defense, Planning, Programming, Budgeting, and Execution System, Acquisition Program Baseline, Cost as a Independent Variable, and Analysis of Alternatives

**CEAC - develops
Independent
Cost Estimate**

- OSD Cost Analysis Improvement Group develops Independent Cost Estimate for Acquisition Category ID programs as part of the Defense Acquisition Board process
- CEAC develop Independent Cost Estimate for Acquisition Category IC programs

When Cost Estimates Are Prepared

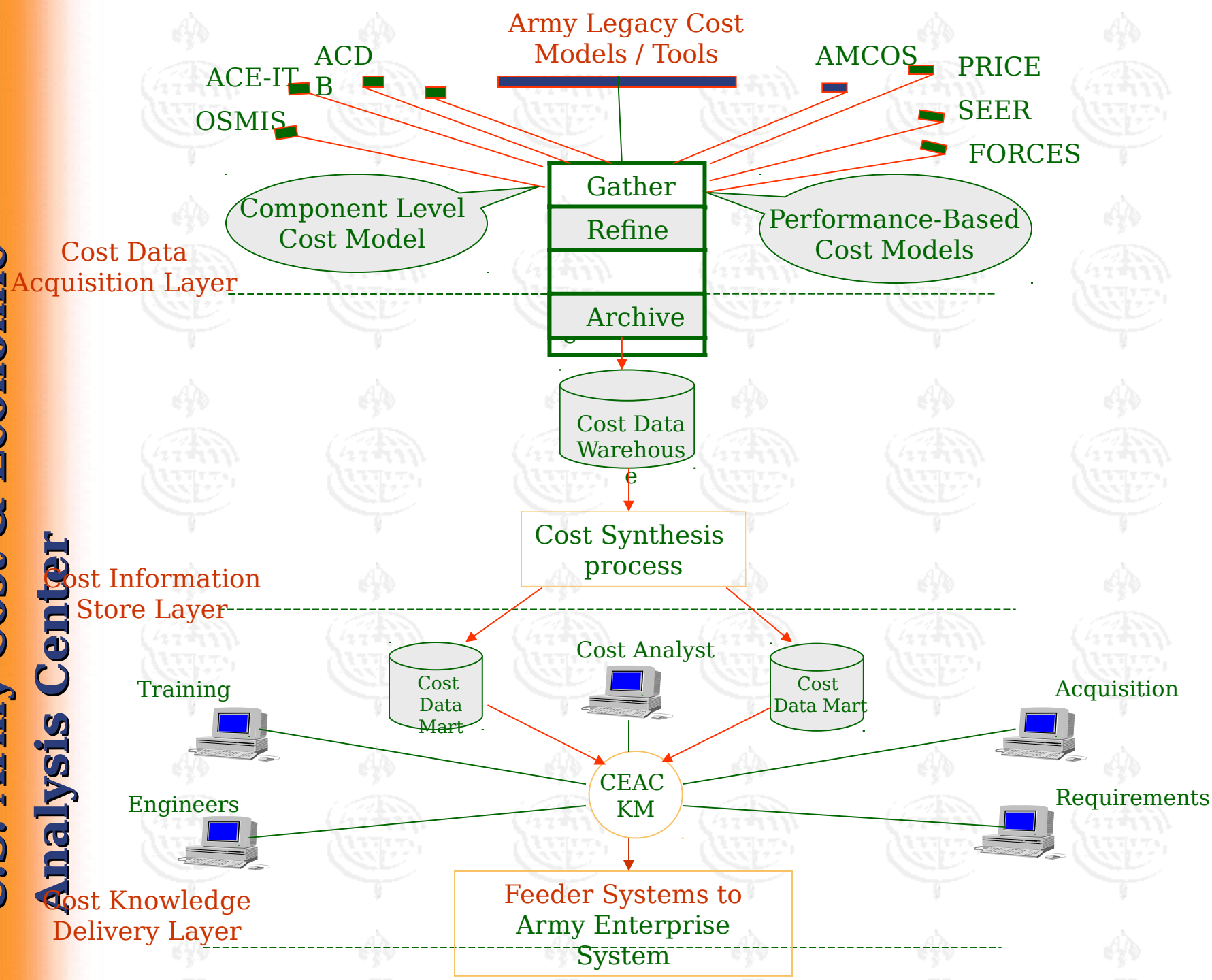
Comparison of Old vs. New Acquisition Process



**SMART
Costing**

- Implement CAIV
- Develop Performance-Based Cost Models
- Develop Component-Level Cost Models

U.S. Army Cost & Economic Analysis Center



Summary



**Cost and Economic Analysis
Products and Services Are
Essential and Integral To Army's
Financial Management, Decision
Making, Business Management
And PPBES Processes**